

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

AFTW

In re application of: Douglas R. Elliott

§ § § § § § § § § §

Serial Number: 09/758,624

Group Art Unit: 3628

Filed: January 11, 2001

§§§

For: **METHOD OF REPEATEDLY
SECURITIZING INTELLECTUAL
PROPERTY ASSETS AND
FACILITATING INVESTMENTS
THEREIN**

Examiner: Harish Dass

Mail Stop: Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

CERTIFICATE OF MAILING

I hereby certify that the original paper identified herein is being deposited with United States Postal Service as first class mail, postage prepaid, to Mail Stop: Appeal Brief – Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450

on: August 2, 2006
Jackie Olshack
Jackie Olshack

APPEAL BRIEF UNDER 37 CFR §1.192

Dear Sir:

This Appeal Brief is submitted for the above-referenced matter and in response to the Final Action mailed January 30, 2006.

08/08/2006 MWOLGE1 00000009 09758624

01 FC:2402

TABLE OF CONTENTS

REAL PARTY IN INTEREST	3
RELATED APPEALS AND INTERFERENCES.....	4
STATUS OF THE CLAIMS	5
STATUS OF AMENDMENTS	6
SUMMARY OF THE CLAIMED SUBJECT MATTER	7
GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL	10
ARGUMENTS	11
1. <i>PRIMA FACIE</i> CASE GENERALLY	11
2. <i>PRIMA FACIE</i> CASE OF OBVIOUSNESS.....	11
2.1. <i>Scope and Content of the Prior Art and Differences Between the Prior Art and the Claimed Invention</i>	12
2.2. <i>Level of Ordinary Skill in the Art.....</i>	17
3. DEFECTS IN THE <i>PRIMA FACIE</i> CASE OF OBVIOUSNESS.....	18
3.1. <i>Motivation to Combine/Hindsight</i>	18
3.2 <i>The Examiner Has Not Shown a Proper Motivation to Combine.....</i>	20
3.3. <i>The Examiner is Utilizing Impermissible Hindsight</i>	24
CONCLUSION.....	25
CLAIMS APPENDIX	26
EVIDENCE APPENDIX.....	29
RELATED PROCEEDINGS APPENDIX.....	30

Real Party in Interest
37 C.F.R. § 41.37 (c)(1)(i)

The real party in interest in this application is the Assignee of inventor Douglas R. Elliott, TEQ Development, as reflected by the assignment records at Reel 010818 and Frame 0583.

Related Appeals and Interferences
37 C.F.R. § 47.37(c)(1)(ii)

There are currently no appeals for co-pending U.S. Patent Applications pending before the Board of Patent Appeals and Interferences.

Status of the Claims
37 C.F.R. § 47.37(c)(1)(iii)

Claims 1-11 and 18-43 have been withdrawn. Claims 12-17 stand rejected under 35 U.S.C. §103(a) in view of U.S. Patent No. 5,126,936 to Champion (“Champion”), U.S. Patent No. 6,018,714 to Risen (“Risen”), Kieso et al. “*Intermediate Accounting*,” John Wiley & Sons, Inc., Eighth Ed. 1995, pages 571-619 (“Kieso”), and *Rhone-Poulenc Agro v. Dekalb Genetics Corp.*, 2002 U.S. App. LEXIS 5006 (Fed Cir 2002) (“Rhone”).

Status of Amendments
37 C.F.R. § 47.37(c)(1)(iv)

A Response to the Final Action was mailed on January 30, 2006, and an After Final Amendment was mailed April 28, 2006, concurrently with the Notice of Appeal. However, no substantive amendments have been filed or entered since the Final Action mailed on January 30, 2006.

Summary of the Claimed Subject Matter
37 C.F.R. § 47.37(c)(1)(v)

The present invention relates to methods of valuing intellectual property assets and methods of securitizing such assets so that holders or owners of proprietary intellectual property may readily determine the business value associated with the securitization of their intellectual property estate and obtain capital by securitizing all or part of their intellectual property estate through repeated securitization. Specifically, the present invention according to Claim 12 provides an electronic data processing method for use by an investment entity for structuring payments for sale/license-back arrangements. To do this, intellectual property is identified and valued. An initial sum from each of the investors is transferred to an investment entity. Title to the patent(s) in the portfolio is passed to the investment entity from the patent owner in exchange for payment from the investment entity to the patent owner. After transfer of title, patent right(s) are granted back to the original patent owner, so that the original owner may have continued use of, and/or so that third parties may be licensed to use, the patented technology. From there, payments can be secured from users (including the patent owner) and transferred to the investors. This process is then performed repeatedly for different intellectual property items. Thus, patent owners are able to securitize existing patent portfolios.

Claim 12 is an independent claim relating to an electronic data processing method. Claims 13-17 depend from and further limit independent Claim 12.

A further explanation of the subject matter defined in each of the independent claims pending in the appeal, referring to the specification, is as follows:

<u>Claim</u>	<u>Patent Specification</u>
12. An electronic data processing method comprising:	
identifying an intellectual property;	Pg. 13, lines 1-18; Figure 4; Figure 1
identifying initial ownership of said intellectual property;	Pg. 13, lines 1-18; Figure 1
assessing a value for said intellectual property using at least one algorithm;	Pg. 14, lines 21-26; Figures 1-3
obtaining title to said intellectual property;	Pg. 8, lines 18-21; Figure 4
in exchange, paying the initial ownership, from a general trust account, an amount not more than the assessed value of said intellectual property;	Pg. 18, lines 21-25; Figure 4
obtaining funding for said general trust account from a plurality of initial investor accounts;	Pg. 18, lines 21-25; Figure 4
creating said investor accounts by identifying a plurality of investors, obtaining an initial amount from each of said investors and associating in at least one electronic database at least a portion of said initial amount with at least one investor account for each said investor;	Pg. 9, lines 24-29
granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership;	Pg. 10, lines 4-11; Figure 4
allocating said at least one payment from said initial ownership to said general trust account in the at least one electronic database;	Pg. 10, lines 11-17; Figure 4
allocating payments from said general trust account to at least one of said investor accounts in the at least one electronic database;	Pg. 10, lines 11-17; Figure 4
identifying at least one other intellectual property;	Pg. 13, lines 1-18; Figure 4; Figure 1
identifying initial ownership of said at least one other intellectual property;	Pg. 13, lines 1-18; Figure 4; Figure 1
assessing a value for said at least one other	Pg. 14, lines 21-26; Figures

Claim

intellectual property using the at least one algorithm;

obtaining title to said at least one other intellectual property in exchange for paying not more than the assessed value of said at least one other intellectual property to said initial ownership;

obtaining said payment to the initial ownership from a general trust account;

obtaining funding for said general trust account from at least one subsequent investor account;

creating said subsequent investor accounts in the at least one electronic database by identifying a plurality of investors, obtaining an initial amount from each of said subsequent investors and associating at least a portion of said initial amount with said investor account in the at least one electronic database for each said subsequent investor;

granting a license to said initial ownership to use said at least one other intellectual property in exchange for at least one payment from said initial ownership;

allocating said at least one payment for said license for said at least one other intellectual property from said initial ownership to said general trust account in the at least one electronic database;

allocating payments from said general trust account to at least one of said subsequent investor accounts in the at least one electronic database.

Patent Specification

1-3

Pg. 8, lines 18-21; Figure 4

Pg. 18, lines 21-25; Figure 4

Pg. 18, lines 21-25; Figure 4

Pg. 9, lines 24-29

Pg. 10, lines 4-11; Figure 4

Pg. 10, lines 11-17; Figure 4

Pg. 10, lines 11-17; Figure 4

Grounds of Rejection to be Reviewed on Appeal
37 C.F.R. § 47.37(c)(1)(vi)

The issue presented on appeal is whether Champion, Risen, Kieso, and Rhone render any of Claims 12-17 obvious under 35 U.S.C. §103(a). In particular, the subsidiary issues include whether the Examiner's motivation to combine is proper without supporting evidence and whether the Examiner utilized impermissible hindsight.

Arguments
37 C.F.R. § 47.37(c)(1)(vii)

1. *PRIMA FACIE* CASE GENERALLY

During patent examination, the PTO bears the initial burden of presenting a *prima facie* case of unpatentability.¹ If the PTO fails to meet this burden, then the Applicant is entitled to the patent. However, when a *prima facie* case is made, the burden shifts to the Applicant to come forward with evidence and/or argument supporting patentability. Patentability, *vel non*, is then determined on the entirety of the record by a preponderance of evidence and weight of argument.² The *prima facie* case is not a stone wall against which rebuttal evidence is tested; patentability is determined by a preponderance of all the evidence.³

2. *PRIMA FACIE* CASE OF OBVIOUSNESS

In order to present a *prima facie* case of obviousness, several criteria must be met: (1) “all the claim limitations must be taught or suggested by the prior art;”⁴ (2) there must be a motivation to combine the references; and (3) there must be a reasonable expectation of success.⁵

According to *Graham v. John Deere*,⁶ there are four factors associated with the determination of obviousness under 35 U.S.C. §103(a), which are as follows: (1) the scope and contents of the prior art; (2) the differences between the prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) evidence of secondary considerations.

¹ *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984).

² *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

³ *In re Rinehart*, 531 F.2d 1048, 1052 (CCPA 1976).

⁴ M.P.E.P. § 2143.03; *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974).

⁵ M.P.E.P. § 2143.

⁶ *Graham v. John Deere*, 383 U.S. 1, 148 USPQ 459 (1966).

2.1. Scope and Content of the Prior Art and Differences Between the Prior Art and the Claimed Invention

2.1.1. Risen

2.1.1.1. Examiner's Contention

The following text denotes the limitations that the Examiner has alleged are disclosed by Risen:

Claim 12

An electronic data processing method comprising:

- a) identifying an intellectual property;
- b) identifying initial ownership of said intellectual property;
- ...
- d) obtaining title to said intellectual property;
 - <d1> in exchange, paying the initial ownership, from a general trust account, an amount not more than the assessed value of said intellectual property;
 - <d2> obtaining funding for said general trust account from a plurality of initial investor accounts;
- e) creating said investor accounts by identifying a plurality of investors, obtaining an initial amount from each of said investors and associating in at least one electronic database at least a portion of said initial amount with at least one investor account for each said investor;
- ...
- g) allocating said at least one payment from said initial ownership to said general trust account in the at least one electronic database;
- h) allocating payments from said general trust account to at least one of said investor accounts in the at least one electronic database;
- i) identifying at least one other intellectual property;
- j) identifying initial ownership of said at least one other intellectual property;
- k) assessing a value for said at least one other intellectual property using the at least one algorithm;
- l) obtaining title to said at least one other intellectual property in exchange for paying not more than the assessed value of said at least one other intellectual property to said initial ownership;
 - <l1> obtaining said payment to the initial ownership from a general trust account;
 - <l2> obtaining funding for said general trust account from at least one subsequent investor account;
- m) creating said subsequent investor accounts in the at least one electronic database by identifying a plurality of investors, obtaining an initial amount from each of said subsequent investors and associating at least a portion of said initial amount with said investor account in the at least one electronic database for each said subsequent investor;

- n) granting a license to said initial ownership to use said at least one other intellectual property in exchange for at least one payment from said initial ownership;
- o) allocating said at least one payment for said license for said at least one other intellectual property from said initial ownership to said general trust account in the at least one electronic database;
- p) allocating payments from said general trust account to at least one of said subsequent investor accounts in the at least one electronic database.

2.1.1.2. *Applicant's Contention*

Risen discloses a purchase transaction between two parties with the addition of the purchasing party acquiring insurance. Specifically, Risen is an invention for providing insurance against an unexpected change in value of a patent. Risen talks about valuing intellectual property, but states that assigning a monetary value to a patent can be difficult (col. 11, lns. 11-13), and proposes an alternative method of using arbitrary valuation (col. 11, lns. 24-27). Indeed, Risen implies that such a value is difficult to determine, and should be done by an expert. It is because of the difficulty of determining an accurate value for intellectual property that Risen provides insurance against a change in predicted value of the intellectual property. In particular, Risen is for use in situations where a company is acquiring another company, or investing money in another company, and the acquiring/investing company wants insurance to protect against valuation errors made when the value of what is being acquired or invested in turns out to be less than the value paid.

2.1.1.3. *Differences Between Risen and the Claimed Invention*

Nothing in Risen's disclosed insurance scheme suggests or implies the buyer of a patent granting a right to use the patent back to the seller of the patent in exchange for a future monetary stream as in the claims of the present application. In fact, Risen actually teaches away from the invention of the present application by compensating for inaccurate valuation methods by providing

insurance to protect against errors in predicting the value of a patent using those inaccurate valuation methods.

2.1.2. *Champion*

2.1.2.1. *Examiner's Contention*

The following text denotes the limitations that the Examiner has alleged are disclosed by Champion:

Claim 12

An electronic data processing method comprising:

...

g) allocating said at least one payment from said initial ownership to said general trust account in the at least one electronic database;

h) allocating payments from said general trust account to at least one of said investor accounts in the at least one electronic database;

...

2.1.2.2. *Applicant's Contention*

In Champion, third parties (investors) invest their money in products owned or marketed by various other third parties, such as mutual funds. Specifically, Champion only addresses a system used by an account management service to manage investor funds.

2.1.2.3. *Differences Between Champion and the Claimed Invention*

Unlike Champion, which only addresses a system used by an account management service to manage funds invested in products owned or marketed by third parties, the present invention addresses a management system used by an investment entity for managing an intellectual property portfolio to generate and distribute an income stream. The claimed management method is a much more complicated system of a very different character than the comparatively easily valued mutual funds disclosed in Champion.

2.1.3. *Kieso*

2.1.3.1. *Examiner's Contention*

The following text denotes the limitations that the Examiner has alleged are disclosed by Kieso:

Claim 12

An electronic data processing method comprising:

...
c) assessing a value for said intellectual property using at least one algorithm;

...
k) assessing a value for said at least one other intellectual property using the at least one algorithm;

...

2.1.3.2. *Applicant's Contention*

Kieso describes accounting guidelines. In fact, Kieso is a general accounting textbook that does nothing more than describe general accounting guidelines at an undergraduate level.

2.1.3.3. *Differences Between Kieso and the Claimed Invention*

As with Champion, there is no place in Kieso where any suggestion, explicit or implied, is made of using patents or intellectual properties forming the basis for financial investments, or of using a variety of algorithms to determine the appropriate purchase price for the intellectual properties in an automated system. The present invention addresses a system used by an investment entity to determine the value of a patent, acquire title to the patent in exchange for a monetary amount related to the determined value of the patent, license the patent, and allocate licensing royalties amongst investors in a ratio related to the monetary amount obtained from that investor.

2.1.4. *Rhone*

2.1.4.1. *Examiner's Contention*

The following text denotes the limitations that the Examiner has alleged are disclosed by Rhone:

Claim 12

An electronic data processing method comprising:

...

d) obtaining title to said intellectual property;

 <d1> in exchange, paying the initial ownership, from a general trust account, an amount not more than the assessed value of said intellectual property;

 <d2> obtaining funding for said general trust account from a plurality of initial investor accounts;

...

f) granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership;

...

l) obtaining title to said at least one other intellectual property in exchange for paying not more than the assessed value of said at least one other intellectual property to said initial ownership;

 <l1> obtaining said payment to the initial ownership from a general trust account;

 <l2> obtaining funding for said general trust account from at least one subsequent investor account;

...

n) granting a license to said initial ownership to use at least one other intellectual property in exchange for at least one payment from said initial ownership;

...

2.1.4.2. *Applicant's Contention*

Rhone is an opinion of a case decided by the Court of Appeals for the Federal Circuit.

Specifically, the transferability of license agreements for intellectual property, namely a patent, are discussed in general terms in this opinion. The Court of Appeals for the Federal Circuit determined that a *bona fide* purchaser defense does not apply to a non-exclusive licensee. Thus, Rhone only details that exclusive and non-exclusive licenses existed prior to the filing of the above-referenced application.

2.1.4.3.

Differences Between Rhone and the Claimed Invention

Nothing in Rhone describes the use of an electronic data processing system utilized to derive an income stream by securitizing a patent estate. Licenses, like those described in Rhone, are well-known and have been well-known for decades. Rhone only considers the validity of a unilateral transfer by sale of an existing non-exclusive license by the licensee to another. However, the use of licenses to be granted in combination with a data processing system to manage and derive income had not been done at the time of the present inventions of Claim 12.

2.2. Level of Ordinary Skill in the Art

The level of ordinary skill in the art is specifically related to managing an intellectual property portfolio. Applicant believes that one of ordinary skill in the art would consist of one who possesses a bachelor's degree in accounting with average experience in evaluation of intellectual property, namely patents. However, according to the Examiner's analysis and as evidenced by the references cited, one of ordinary skill in the art of the present invention would be an artisan with an extraordinarily high degree of knowledge in very disparate arts. According to the Examiner, one skilled in the art would be familiar with and look to the following disparate and diverse areas for guidance:

- (a) *Bona fide* Purchaser Defense in Patent Licensing (Rhone)
- (b) Risk Management and Underwriting, namely Patent Insurance (Risen)
- (c) Investment and Brokerage Services, namely Mutual Fund Management (Champion)
- (d) Business Accounting Procedures for Intangibles (Kieso)

The Examiner's view of ordinary skill in the art of the present invention is too broad. However, even assuming, *arguendo*, that one skilled in the art would be familiar with and would refer to

publications in each of these areas, there simply is no teaching or suggestion in these references to combine them. There is no suggestion of record as to “how” or “why” one of ordinary skill would combine these disparate teachings to obtain the Applicant’s invention.

In fact, none of these references sufficiently addresses or appreciates the difficulty in addressing the problem which the present invention of Claim 12 solves, namely, managing a scheme that derives a contemporaneous capital payment to an owner, continued use by an owner and an income stream from an owner’s patent estate. Thus, the present invention would not have been ascertainable by one of ordinary skill in the art at the time of the invention without examining Applicant’s disclosure.

3. DEFECTS IN THE *PRIMA FACIE* CASE OF OBVIOUSNESS

3.1. *Motivation to Combine/Hindsight*

3.1.1. *Legal Framework*

Whether an invention satisfies the nonobviousness requirement under 35 U.S.C. §103 is a question of law with subsidiary factual inquiries.⁷ These inquiries include the scope and content of the prior art, the differences between the prior art and the claims at issue, the level of ordinary skill in the pertinent art, and any objective indicia of nonobviousness.⁸ A claimed invention is unpatentable if the differences between it and the prior art “are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.”⁹ However, to be obvious, a motivation to combine or modify must be supplied¹⁰, and the Federal Circuit has described “teaching or suggestion or motivation [to combine]” as an

⁷ See *Graham v. John Deere Co.*, 383 U.S. 1, 17, (1966).

⁸ *Id.*

⁹ 35 U.S.C. § 103(a) (2003); see *Graham v. John Deere Co.*, 383 U.S. 1, 14.

¹⁰ M.P.E.P. § 2143; see, e.g., *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352 (Fed. Cir. 1998).

“essential evidentiary component of an obviousness holding.”¹¹ However, it is improper to use hindsight when determining whether the claimed invention would have been obvious at the time of the invention.

3.1.1.1 Motivation to Combine Generally

As part of the Examiner’s burden to establish a *prima facie* case of obviousness, the Examiner must show that there is a clear and particular suggestion, teaching, or motivation to combine the cited references.¹² To make this showing, however, substantial evidence is required because a finding of fact, including a motivation to combine, requires substantial evidence.¹³ In fact, evidence establishing the motivation to combine must be determined from one or more of the following sources: “the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art.”¹⁴ Moreover, “[t]he mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination.”¹⁵

3.1.1.2 Impermissible Hindsight Generally

The relevant time frame for an obviousness evaluation under 35 U.S.C. §103 is “at the time the invention was made.” This time frame guards against entry into the “tempting but

¹¹ *C.R. Bard*, 157 F.3d at 1352 (Fed. Cir. 1998).

¹² M.P.E.P. § 2143; *see, e.g.*, *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352 (Fed. Cir. 1998).

¹³ *In re Kahn*, 2006 U.S. App. LEXIS 7070 (Fed. Cir. 2006) (“the Board’s underlying factual findings, including a finding of a motivation to combine, [are based on] substantial evidence.”).

¹⁴ M.P.E.P. § 2143.01; *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457-58 (Fed. Cir. 1998).

¹⁵ M.P.E.P. §2143.01; *see also In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990).

forbidden zone of hindsight” in evaluating the obviousness of a claimed invention.¹⁶ Measuring a claimed invention against the standard established by 35 U.S.C. §103 requires the oft-difficult but critical step of casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field.¹⁷

Federal Circuit case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references.¹⁸ Combining or modifying prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability--the essence of hindsight.¹⁹ The showing of a suggestion, teaching, or motivation must be also clear and particular.²⁰

3.2 The Examiner Has Not Shown a Proper Motivation to Combine

Specifically, the motivation to combine must be determined from one or more of the following sources: “the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art.”²¹ However, neither the nature of the problem

¹⁶ See *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 873, rev'd by *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059 (Fed. Cir. 1998).

¹⁷ See, e.g., *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1553 (Fed. Cir. 1983).

¹⁸ See, e.g., *In re Rouffet*, 149 F.3d 1350, 1359 (Fed. Cir. 1998) (“the Board must identify specifically . . . the reasons one of ordinary skill in the art would have been motivated to select the references and combine them”); *In re Fritch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992) (examiner can satisfy burden of obviousness in light of combination “only by showing some objective teaching [leading to the combination]”); *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988) (evidence of teaching or suggestion “essential” to avoid hindsight); see also *Graham*, 383 U.S. 1, 18 (“strict observance” of factual predicates to obviousness conclusion required).

¹⁹ See, e.g., *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1138 (Fed. Cir. 1985) (“The invention must be viewed not with the blueprint drawn by the inventor, but in the state of the art that existed at the time.”).

²⁰ See, e.g., *C.R. Bard*, 157 F.3d 1340, 1352.

²¹ M.P.E.P. § 2143.01; *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457-58 (Fed. Cir. 1998).

to be solved nor the teachings of the prior art provide a motivation to combine the foregoing references. Therefore, it appears that the Examiner (who is assuming the role of one of ordinary skill in the art) is supplying the motivation to combine these very different references to obtain Applicant's claimed invention(s) and is relying on his own personal knowledge.

First, with respect to the teachings of the prior art, none of Champion, Risen, Kieso, or Rhone suggests, teaches, or discloses the desirability of the combination, as noted above in Section 2. With respect to Claim 12, the Examiner states the following²²:

It would have been obvious at the time the invention was made to a person having ordinary skill in the art to of accounting and finance to modify the disclosure of Risen and include investment portfolio intellectual properties similar to REIT with accounting system where the investment is collected from investors (shareholders) for the purpose of creating a portfolio of properties (intellectual properties) through buying based on an assessing algorithm of Kieso to get a fair value of the property and making payments as described by Champion and obtaining the property title (intellectual property title – conveyance) and licensing to others, as described by Findlaw, to purchase intellectual properties legally and grant license to others for helping the product production and sale which helps the company bottom line.

Again, none of the foregoing references suggests, teaches, or discloses this motivation to combine, which is evidenced by the Examiner's statements.

Second, the nature of the problem to be solved does not inherently yield any motivation to combine the foregoing references. The present invention of Claim 12 ultimately derives new income from existing intellectual property, namely patents. No such system existed at the time of the present invention; otherwise, the Examiner would have cited a more closely related

²² Final Action, pp. 4-5

reference in his very extensive searching instead of combining references from very disparate arts. Thus, it is very clear that no such system similar to or approximating the present invention of Claim 12 existed at the time of the invention, indicating that the nature of the problem to be solved did not inherently yield a motivation to combine the foregoing references.

Finally, the only source for a motivation to combine the foregoing references would be one of ordinary skill in the art. However, the record does not indicate any factual substantiation by one of ordinary skill in the art of a motivation to combine the foregoing references. Therefore, it appears that the Examiner (who is assuming the role of one of ordinary skill in the art) is supplying the motivation to combine these very different references to obtain Applicant's claimed invention(s) and is relying on his own personal knowledge.

3.2.1 Examiner used Official Notice to Set Forth the Motivation to Combine

As stated above, because neither the references nor the nature of the problem to be solved inherently yield the motivation to combine, it appears that the Examiner is relying on his own personal knowledge to supply the motivation to combine. In the context of Official Notice, “[i]f the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2).”²³ Therefore, the Examiner's speculative motivation to combine cannot be used to supply what is missing from the references without a supporting affidavit or declaration.

²³ M.P.E.P. § 2144.03(C).

3.2.2 *An Affidavit or Declaration is Necessary to Build a Record*

A supporting affidavit or a reference is necessary because the U.S. Patent and Trademark Office is required to build a record in support of factual positions. The standard of review for the Board of Patent Appeals and Interferences of Examiner decisions is substantial evidence that “involve[s] an examination of the record as a whole taking into consideration evidence that both justifies and detracts from the agency’s decision.”²⁴ Also, “[w]ith respect to core factual findings...the Board cannot simply reach conclusions based on understanding or experience... Rather, the Board must point to some concrete evidence in the record in support of these findings.”²⁵ In fact, the Federal Circuit has described “teaching or suggestion or motivation [to combine]” as an “essential evidentiary component of an obviousness holding,”²⁶ which requires substantial evidence.²⁷ Hence, Applicant respectfully asserts that motivation to combine references is a “core factual finding,” and therefore, without a supporting affidavit/declaration or a reference to provide a factual basis for the record, the rejection of Claim 12 under 35 U.S.C. §103(a) in view of the foregoing references cannot stand.

Applicant has requested that the Examiner supply an affidavit, or declaration, setting forth factual statements and an explanation to his finding of the motivation to combine or, alternatively, to provide a reference. However, the Examiner has failed to do so. Applicant, therefore, believes that this failure to supply a supporting affidavit/declaration or a reference constitutes an inadequate record and, thus, the Examiner has not established a *prima facie* case of obviousness. Accordingly, Applicant requests that the Examiner’s rejection of Claim 12 under

²⁴ *In re Gartside*, 293 F.3d 1305, 53 USPQ2d 1796 (Fed. Cir. 2000).

²⁵ *In re Zurko*, 258 F.3d 1379, 1386 (Fed. Cir. 2001).

²⁶ *C.R. Bard*, 157 F.3d at 1352 (Fed. Cir. 1998).

²⁷ *In re Kahn*, 2006 U.S. App. LEXIS 7070 (Fed. Cir. 2006) (“the Board’s underlying factual findings, including a finding of a motivation to combine, [are based on] substantial evidence.”).

35 U.S.C. §103(a) in view of the foregoing references be reversed because of a lack of proper motivation to combine.

3.3. *The Examiner is Utilizing Impermissible Hindsight*

As noted above in Section 2, the foregoing four references are from very different fields. It is apparent that the Examiner has based the rejection under 35 U.S.C. §103(a) in view of the foregoing references on impermissible hindsight. “One cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention.”²⁸ Clearly the Examiner is using Applicant’s disclosure to pick and choose among isolated and unrelated disclosures, as noted above, in the prior art to obtain the claimed inventions. Therefore, Applicant respectfully asserts that the Examiner’s assertion of obviousness is based on impermissible hindsight. Accordingly, Applicant respectfully requests that the Examiner’s rejection of Claim 12 under 35 U.S.C. §103(a) in view of the foregoing references be reversed.

²⁸ *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1988).

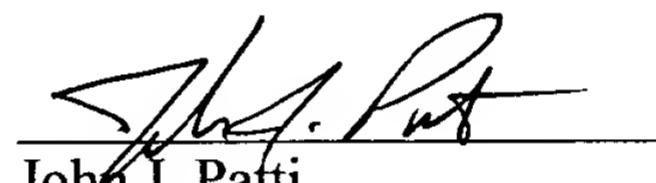
CONCLUSION

For the foregoing reasons and for other reasons clearly apparent, Applicant respectfully requests a reversal of the Examiner's rejections and full allowance of Claims 12-17.

Applicant has included a check in the amount of three hundred ten dollars (\$310.00) to cover the fee for filing this appeal brief. Applicant does not believe that any other fees are due; however, in the event that any other fees are due, the Commissioner is hereby authorized to charge any required fees due (other than issue fees), and to credit any overpayment made, in connection with the filing of this paper to Deposit Account 50-2180 of Storm LLP.

Respectfully submitted,

Dated: August 2, 2006
Storm LLP
901 Main Street
Suite 7100
Dallas, Texas 75202
Telephone: (214) 347-4710
Fax: (214) 347-4799


John J. Patti
Reg. No. 57,191

Claims Appendix
37 C.F.R. § 47.37(c)(1)(viii)

1-11. (Cancelled)

12. (Previously Presented) An electronic data processing method comprising:

- a) identifying an intellectual property;
- b) identifying initial ownership of said intellectual property;
- c) assessing a value for said intellectual property using at least one algorithm;
- d) obtaining title to said intellectual property;

<d1> in exchange, paying the initial ownership, from a general trust account, an amount not more than the assessed value of said intellectual property;

<d2> obtaining funding for said general trust account from a plurality of initial investor accounts;

- e) creating said investor accounts by identifying a plurality of investors, obtaining an initial amount from each of said investors and associating in at least one electronic database at least a portion of said initial amount with at least one investor account for each said investor;
- f) granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership;
- g) allocating said at least one payment from said initial ownership to said general trust account in the at least one electronic database;
- h) allocating payments from said general trust account to at least one of said investor accounts in the at least one electronic database;
- i) identifying at least one other intellectual property;
- j) identifying initial ownership of said at least one other intellectual property;
- k) assessing a value for said at least one other intellectual property using the at least one algorithm;
- l) obtaining title to said at least one other intellectual property in exchange for paying not more than the assessed value of said at least one other intellectual property to said initial ownership;

<l1> obtaining said payment to the initial ownership from a general trust account;

<12> obtaining funding for said general trust account from at least one subsequent investor account;

m) creating said subsequent investor accounts in the at least one electronic database by identifying a plurality of investors, obtaining an initial amount from each of said subsequent investors and associating at least a portion of said initial amount with said investor account in the at least one electronic database for each said subsequent investor;

n) granting a license to said initial ownership to use said at least one other intellectual property in exchange for at least one payment from said initial ownership;

o) allocating said at least one payment for said license for said at least one other intellectual property from said initial ownership to said general trust account in the at least one electronic database;

p) allocating payments from said general trust account to at least one of said subsequent investor accounts in the at least one electronic database.

13. (Previously Presented) The method of claim 12 further comprising granting a limited license to a party other than the original user of said intellectual property and obtaining at least one payment from said licensee of said intellectual property for a license to use said intellectual property.

14. (Previously Presented) The method of claim 12 further comprising allocating payments from said general trust account to at least one account other than an investor account in the at least one electronic database.

15. (Previously Presented) The method of claim 12 further comprising allocating payments to said investor accounts in the at least one electronic database using at least one algorithm that considers factors in addition to the initial amount obtained from said investor.

16. (Previously Presented) The method of claim 12 wherein at least one subsequent investor account and at least one initial investor account are the same.

17. (Original) The method of claim 12 wherein the subsequent investor accounts are different from the at least one initial investor account.

18-43. (Cancelled)

Evidence Appendix
37 C.F.R. § 47.37(c)(1)(ix)

No secondary evidence has been supplied in this case.

Related Proceedings Appendix
37 C.F.R. § 47.37(c)(1)(x)

There are no related decisions rendered by a court or the Board of Patent Appeals and Interferences.